

**THE CITY OF INDEPENDENCE, KANSAS**

**AUDIT REPORT**

**December 31, 2011**

**THE CITY OF INDEPENDENCE, KANSAS**

**December 31, 2011**

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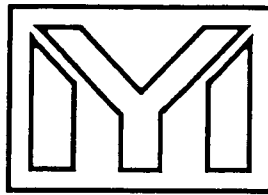
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**THE CITY OF INDEPENDENCE, KANSAS**

**December 31, 2011**

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# YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

John D. Carroll, CPA  
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American Institute of Certified Public Accountants  
Kansas Society of Certified Public Accountants  
An Independent C.P.A. Firm

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
and Commissioners  
City of Independence, Kansas  
120 N. 6th Street  
Independence, KS 67301

We have audited the accompanying statutory basis financial statements of the individual funds of the City of Independence, Kansas, as of and for the year ended December 31, 2011 which collectively comprises the basic financial statements of the City as listed in the table of contents. These statutory basis financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these statutory basis financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1B, The City prepared these statutory basis financial statements using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the statutory basis financial statements of the differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the statutory basis financial statements of the City referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of

Independence, Kansas, as of December 31, 2011, or changes in financial position or cash flows thereof for the year then ended.

Also, in our opinion, the statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the City of Independence, Kansas, as of December 31, 2011, and their respective cash receipts and expenditures for such funds for the year then ended on the basis of accounting described in Note 1B.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statutory basis financial statements of the City of Independence, Kansas, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the statutory basis financial statements. The Schedule of Findings and Questioned Costs and Summary Schedule of Prior Audit Findings are presented for the purpose of additional analysis and are not a required part of the statutory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements of the City taken as a whole, on the basis of accounting described in Note 1B.

  
YERKES & MICHELS, CPA, LLC

June 29, 2012

THE CITY OF INDEPENDENCE, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH

STATEMENT 1  
Page 1 of 3

For the Year Ended December 31, 2011

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
<b>GOVERNMENTAL TYPE FUNDS:</b>								<b>GOVERNMENTAL TYPE FUNDS:</b>
General	\$ 852,561.71	\$ -	\$ 4,786,534.24	\$ 4,983,915.70	\$ 655,180.25	\$ 187,502.93	\$ 842,683.18	General
Special Revenue								Special Revenue
D.A.R.E. Fund	298.41				298.41		298.41	D.A.R.E. Fund
Industrial Fund	61,319.02		102,773.10	64,493.00	99,599.12	1,735.00	101,334.12	Industrial Fund
Crime Prevention Program Fund	1,776.00				1,776.00		1,776.00	Crime Prevention Program Fund
Economic Development Transportation Fund	179,411.26		290,135.29	160,609.49	308,937.06		308,937.06	Economic Development Transportation Fund
Incubator Building Fund	101,801.56			7,980.88	93,820.68	229.99	94,050.67	Incubator Building Fund
Grant #SB 417 Fund			119,000.00	119,000.00	-		-	Grant #SB 417 Fund
Education Sales Tax Fund	512,724.37		924,874.07	1,385,598.44	52,000.00	75,758.00	127,758.00	Education Sales Tax Fund
Smoke Detector Grant Fund	(1,187.50)		1,715.00	280.56	246.94		246.94	Smoke Detector Grant Fund
City Employee Benefits Fund	104,920.37		708,477.69	639,441.03	173,957.03	5,631.67	179,588.70	City Employee Benefits Fund
Library Employee Benefit Fund	1,813.19		75,824.48	76,127.40	1,510.27		1,510.27	Library Employee Benefit Fund
Airport Land Sale Fund	2,486.78				2,486.78		2,486.78	Airport Land Sale Fund
T-Hanger Insurance Proceeds Fund	36,592.25				36,592.25		36,592.25	T-Hanger Insurance Proceeds Fund
Special Park Fund	6,373.50		300.00		6,673.50		6,673.50	Special Park Fund
Library Fund	4,411.81		190,183.69	190,099.80	4,495.70		4,495.70	Library Fund
Special Park & Recreation Fund	3,809.47		33,869.46	24,000.00	13,678.93		13,678.93	Special Park & Recreation Fund
Special Alcohol Fund			26,824.30	26,824.30	-		-	Special Alcohol Fund
Liability Insurance Fund	21,300.24		69,573.74	49,676.28	41,197.70		41,197.70	Liability Insurance Fund
E-911 Fund	88,555.55		69,443.61	51,624.49	106,374.67	624.18	106,998.85	E-911 Fund
Quality of Life Tax Credits Fund	732,851.72		2,789.80	122,152.01	613,489.51		613,489.51	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	960,623.58		1,391,214.27	1,334,909.52	1,016,928.33	5,800.00	1,022,728.33	Quality of Life Tax Projects Fund
Cultural Arts Fund	6,009.07				6,009.07		6,009.07	Cultural Arts Fund
2007 Flood Buyout Fund	88,672.02		7,380.36	13,460.50	82,591.88		82,591.88	2007 Flood Buyout Fund
Undercover Narcotic Fund	14,306.99		2,814.02	10,964.29	6,156.72		6,156.72	Undercover Narcotic Fund
Best Tennis Town Fund	(19,546.00)		27,802.10	8,256.10	-		-	Best Tennis Town Fund
Downtown Incubator Grant Proceeds Fund	(45,719.66)		48,584.46	2,864.80	(0.00)		(0.00)	Downtown Incubator Grant Proceeds Fund
Projects Fund	50,841.33				50,841.33		50,841.33	Projects Fund
Air Traffic Control Tower Fund	(28,417.00)		321,479.00	319,262.00	(26,200.00)	26,200.00	-	Air Traffic Control Tower Fund
10th & Main to 10th & Laurel Fund	3,250.00				3,250.00		3,250.00	10th & Main to 10th & Laurel Fund
Waste Tire Grant Fund			6,850.50	20,115.00	(13,264.50)		(13,264.50)	Waste Tire Grant Fund
Debt Service Fund								Debt Service Fund
Bond and Interest Fund	43,301.24		1,973,222.17	1,965,238.63	51,284.78		51,284.78	Bond and Interest Fund

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH

STATEMENT 1  
Page 2 of 3

For the Year Ended December 31, 2011

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
<b>GOVERNMENTAL TYPE FUNDS:</b>								<b>GOVERNMENTAL TYPE FUNDS:</b>
Capital Project Funds								Capital Project Funds
ADA DJ # 204-29-144 Fund	-			1,057,500.00	(1,057,500.00)	1,021,870.38	(35,629.62)	ADA DJ # 204-29-144 Fund
KHRC # ESG-FFY 2011 Fund	-		19,066.90	19,066.90	-	760.39	760.39	KHRC # ESG-FFY 2011 Fund
KLINK #U-2178-01 Fund	356,302.00			461,825.34	(105,523.34)		(105,523.34)	KLINK #U-2178-01 Fund
USD #446 School Infrastructure Fund	67,872.44			14,356.99	53,515.45		53,515.45	USD #446 School Infrastructure Fund
West Main - 10 to 18th Fund			85,618.95	110,000.00	(24,381.05)	5,581.95	(18,799.10)	West Main - 10 to 18th Fund
AIP #3-20-0036-17/19 Fund	33,884.79		56,028.00	1,228,661.22	(1,138,748.43)	1,199,414.25	60,665.82	AIP #3-20-0036-17/19 Fund
CDBG #09-RA-009 Fund	(693.23)		217,297.00	216,603.77	-		-	CDBG #09-RA-009 Fund
New Water Tower Fund	(400,907.30)		126,240.30		(274,667.00)	274,667.00	-	New Water Tower Fund
13th Street Storm Sewer Fund	(8,903.24)		8,903.24		-		-	13th Street Storm Sewer Fund
2010 Memorial Hall Improvement Fund	(21,220.00)		42,100.00	20,880.00	-	16,450.00	16,450.00	2010 Memorial Hall Improvement Fund
Southeast Lift Station Fund	(64,503.00)			160,497.00	(225,000.00)		(225,000.00)	Southeast Lift Station Fund
<b>PROPRIETARY TYPE FUNDS:</b>								<b>PROPRIETARY TYPE FUNDS:</b>
Airport Fund	233,742.06		726,732.01	739,378.91	221,095.16	32,980.97	254,076.13	Airport Fund
Water & Sewer Fund	3,415,174.94		3,174,975.56	3,467,144.02	3,123,006.48	99,556.88	3,222,563.36	Water & Sewer Fund
Water & Sewer Grinder Pump Reserve Fund	149,709.79		9,371.74		159,081.53		159,081.53	Water & Sewer Grinder Pump Reserve Fund
Sanitation Fund	77,916.63		996,130.77	1,003,031.81	71,015.59	38,857.58	109,873.17	Sanitation Fund
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,623,517.16</b>	<b>\$ -</b>	<b>\$ 16,644,129.82</b>	<b>\$ 20,075,840.18</b>	<b>\$ 4,191,806.80</b>	<b>\$ 2,993,621.17</b>	<b>\$ 7,185,427.97</b>	
<b>COMPONENT UNITS</b>								<b>COMPONENT UNITS</b>
Independence Public Library	92,860.15		487,422.24	488,144.04	92,138.35	11,524.25	103,662.60	Independence Public Library
Independence Housing Authority	5,367,280.08		1,671,784.18	1,775,308.71	5,263,755.55	40,061.72	5,303,817.27	Independence Housing Authority
<b>TOTAL REPORTING ENTITY (Excluding Agency Funds)</b>	<b>\$ 13,083,657.39</b>	<b>\$ -</b>	<b>\$ 18,803,336.24</b>	<b>\$ 22,339,292.93</b>	<b>\$ 9,547,700.70</b>	<b>\$ 3,045,207.14</b>	<b>\$ 12,592,907.84</b>	<b>TOTAL REPORTING ENTITY (Excluding Agency Funds)</b>

## THE CITY OF INDEPENDENCE, KANSAS

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the Year Ended December 31, 2011

## COMPOSITION OF CASH-Primary Government

Clerk's Cash On Hand		\$	550.00
Community National Bank - Independence, Ks.			
Checking Account (Operating) No. 1919128784	\$	9,563,982.46	
Less: Amount Allocated to Component Unit		<u>(5,303,817.27)</u>	
	\$	4,260,165.19	
Checking Account (Petty Cash) No. 1919128783		1,500.00	
Certificate of Deposit No. 49911		400,000.00	
Certificate of Deposit No. 51625		97,000.00	
Certificate of Deposit No. 51624		<u>103,000.00</u>	
			\$ 4,861,665.19
First Federal Savings & Loan, Independence, Ks.			
Platinum Account No. 01-56026333	\$	1,000,000.00	
Certificate of Deposit No. 1071647		<u>36,736.28</u>	
			1,036,736.28
First National Bank, Independence, Ks.			
Money Market Account No. 705772	\$	600,000.00	
Certificate of Deposit No. 102272		100,000.00	
Certificate of Deposit No. 102295		<u>624,131.50</u>	
			\$ 1,324,131.50
Total Primary Government			\$ 7,223,082.97
Less: Agency Funds (Statement 4)			<u>(37,655.00)</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 7,185,427.97</u>

## COMPONENT UNITS

Independence Public Library			
Cash on Hand	\$	50.00	
First National Bank, Independence, Ks.			
Checking Account No. 16969	\$	2,079.96	
Money Market Account No. 703427		<u>85,204.47</u>	
			\$ 87,284.43
Community National Bank - Independence, Ks.			
Certificate of Deposit No. 45536	\$	11,437.24	
Certificate of Deposit No. 1962398968		<u>4,890.93</u>	
		16,328.17	
			\$ 103,662.60
Independence Housing Authority			
Community National Bank - Independence, Ks.			
Checking Account No. 1919128784			<u>5,303,817.27</u>
TOTAL COMPONENT UNITS			<u>\$ 5,407,479.87</u>
TOTAL REPORTING ENTITY			<u><u>\$ 12,592,907.84</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



## STATEMENT 2

## THE CITY OF INDEPENDENCE, KANSAS

## SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

	Certified Budget	Adjmt. For Qualifying Budget Cr.	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)	
<u>GOVERNMENTAL TYPE FUNDS:</u>						<u>GOVERNMENTAL TYPE FUNDS:</u>
General	\$5,346,500.00	\$ -	\$ 5,346,500.00	\$4,983,915.70	\$ 362,584.30	General
Special Revenue						Special Revenue
Industrial Fund	96,300.00	-	96,300.00	64,493.00	31,807.00	Industrial Fund
Economic Development Transportation Fund	300,000.00	-	300,000.00	160,609.49	139,390.51	Economic Development Transportation Fund
Education Sales Tax Fund	1,387,224.00	-	1,387,224.00	1,385,598.44	1,625.56	Education Sales Tax Fund
City Employee Benefits Fund	750,700.00	-	750,700.00	639,441.03	111,258.97	City Employee Benefits Fund
Library Employee Benefit Fund	79,100.00	-	79,100.00	76,127.40	2,972.60	Library Employee Benefit Fund
Library Fund	200,600.00	-	200,600.00	190,099.80	10,500.20	Library Fund
Special Park & Recreation Fund	43,000.00	-	43,000.00	24,000.00	19,000.00	Special Park & Recreation Fund
Special Alcohol Fund	26,000.00	-	26,000.00	26,824.30	(824.30)	Special Alcohol Fund
Liability Insurance Fund	72,500.00	-	72,500.00	49,676.28	22,823.72	Liability Insurance Fund
Quality of Life Tax Projects Fund	1,981,085.00	-	1,981,085.00	1,334,909.52	646,175.48	Quality of Life Tax Projects Fund
Debt Service Fund						Debt Service Fund
Bond and Interest	2,049,100.00	-	2,049,100.00	1,965,238.63	83,861.37	Bond and Interest
<u>PROPRIETARY TYPE FUNDS:</u>						<u>PROPRIETARY TYPE FUNDS:</u>
Airport Fund	898,300.00	-	898,300.00	739,378.91	158,921.09	Airport Fund
Water & Sewer Fund	4,735,800.00	-	4,735,800.00	3,467,144.02	1,268,655.98	Water & Sewer Fund
Sanitation Fund	1,027,000.00	-	1,027,000.00	1,003,031.81	23,968.19	Sanitation Fund
<u>COMPONENT UNIT</u>						
Independence Public Library						Independence Public Library
General Fund	432,660.00	-	432,660.00	409,356.60	23,303.40	General Fund
Employee Benefit Fund	79,097.00	-	79,097.00	78,787.44	309.56	Employee Benefit Fund

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

GENERAL FUND

For the Year Ended December 31, 2011

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes	\$ 839,954.53	\$ 933,300.00	\$ (93,345.47)
Local Sales Tax	1,849,748.18	1,700,000.00	149,748.18
Franchise Tax	469,110.89	507,300.00	(38,189.11)
Ambulance	732,883.52	640,000.00	92,883.52
Municipal Court	165,660.04	195,000.00	(29,339.96)
Streets & traffic	331,093.05	343,700.00	(12,606.95)
Memorial Hall	54,546.98	35,000.00	19,546.98
Cemetery	47,484.36	53,500.00	(6,015.64)
Interest Income	48,055.83	44,000.00	4,055.83
Federal Grant	6,208.11		6,208.11
Miscellaneous	241,652.37	112,900.00	128,752.37
Transfers	136.38		136.38
<b>TOTAL CASH RECEIPTS</b>	<u>\$ 4,786,534.24</u>	<u>\$ 4,564,700.00</u>	<u>\$ 221,834.24</u>
<b>EXPENDITURES</b>			
General Government	\$ 302,234.87	\$ 267,400.00	\$ (34,834.87)
Municipal Court	114,565.00	106,800.00	(7,765.00)
City Hall	79,771.22	52,500.00	(27,271.22)
Police Department	1,277,993.20	1,305,250.00	27,256.80
Animal Control	38,715.24	38,500.00	(215.24)
Emergency Preparedness	15,640.73	7,500.00	(8,140.73)
Fire Department	845,801.15	841,200.00	(4,601.15)
EMS	678,302.96	556,850.00	(121,452.96)
Engineering	(32,189.50)	(39,200.00)	(7,010.50)
Streets & Traffic	521,961.43	500,700.00	(21,261.43)
Street Lighting	143,824.96	131,000.00	(12,824.96)
Park	500,830.65	471,100.00	(29,730.65)
Cemetery	220,782.44	110,700.00	(110,082.44)
Memorial Hall	144,496.31	123,800.00	(20,696.31)
Street Improvements	124,976.93	872,400.00	747,423.07
Federal Grant	6,208.11		(6,208.11)
Miscellaneous	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,983,915.70</u>	<u>\$ 5,346,500.00</u>	<u>\$ 362,584.30</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<u>\$ (197,381.46)</u>		
<b>UNENCUMBERED CASH, BEGINNING</b>	<u>852,561.71</u>		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ 655,180.25</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

D.A.R.E. FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Taxes	<hr/>
TOTAL CASH RECEIPTS	<hr/>
	\$ -
EXPENDITURES	
Appropriations to Library Board	<hr/>
TOTAL EXPENDITURES	<hr/>
	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<hr/>
	298.41
UNENCUMBERED CASH, ENDING	<hr/>
	\$ 298.41

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

INDUSTRIAL FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 18,973.52	\$ 19,800.00	\$ (826.48)
Lease Buyout	83,799.58		83,799.58
TOTAL CASH RECEIPTS	<u>\$ 102,773.10</u>	<u>\$ 19,800.00</u>	<u>\$ 82,973.10</u>
EXPENDITURES			
Capital Projects	\$ 46,063.00	\$ 78,100.00	\$ 32,037.00
Big Mac	15,930.00	15,700.00	(230.00)
Chamber of Commerce	2,500.00	2,500.00	-
TOTAL EXPENDITURES	<u>\$ 64,493.00</u>	<u>\$ 96,300.00</u>	<u>\$ 31,807.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 38,280.10</u>		
UNENCUMBERED CASH, BEGINNING	<u>61,319.02</u>		
UNENCUMBERED CASH, ENDING	<u><u>\$ 99,599.12</u></u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

CRIME PREVENTION PROGRAM FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>1,776.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,776.00</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

ECONOMIC DEVELOPMENT TRANSPORTATION FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Franchise Tax	\$ 290,135.29	\$ 281,000.00	\$ 9,135.29
Other			-
TOTAL CASH RECEIPTS	<u>\$ 290,135.29</u>	<u>\$ 281,000.00</u>	<u>\$ 9,135.29</u>
EXPENDITURES			
Capital Outlay	\$ 160,609.49	\$ 300,000.00	\$ 139,390.51
TOTAL EXPENDITURES	<u>\$ 160,609.49</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 129,525.80		
UNENCUMBERED CASH, BEGINNING	<u>179,411.26</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 308,937.06</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

INCUBATOR BUILDING FUND

For the Year Ended December 31, 2011

	<u>CURRENT YEAR</u>
	<u>Actual</u>
CASH RECEIPTS	
Taxes	\$ -
Transfers	
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Contactual	7,980.88
Capital Outlay	
TOTAL EXPENDITURES	<u>\$ 7,980.88</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (7,980.88)
UNENCUMBERED CASH, BEGINNING	<u>101,801.56</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 93,820.68</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GRANT #SB 417 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
State	\$ 119,000.00
Transfers	
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 119,000.00</u>
EXPENDITURES	
Capital Outlay	\$ 119,000.00
	<hr/>
TOTAL EXPENDITURES	<u>\$ 119,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ -</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

EDUCATION SALES TAX FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales Taxes	\$ 924,874.07	\$ 850,000.00	\$ 74,874.07
			-
TOTAL CASH RECEIPTS	<u>\$ 924,874.07</u>	<u>\$ 850,000.00</u>	<u>\$ 74,874.07</u>
EXPENDITURES			
Capital Outlay	\$ 1,314,690.78	\$ 1,316,224.00	\$ 1,533.22
Transfers	70,907.66	71,000.00	92.34
TOTAL EXPENDITURES	<u>\$ 1,385,598.44</u>	<u>\$ 1,387,224.00</u>	<u>\$ 1,625.56</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (460,724.37)		
UNENCUMBERED CASH, BEGINNING	<u>512,724.37</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 52,000.00</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

SMOKE DETECTOR GRANT FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ 1,715.00</u>
TOTAL CASH RECEIPTS	<u>\$ 1,715.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 280.56</u>
TOTAL EXPENDITURES	<u>\$ 280.56</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 1,434.44</u>
UNENCUMBERED CASH, BEGINNING	<u>(1,187.50)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 246.94</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

CITY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 674,066.74	\$ 648,200.00	\$ 25,866.74
Refund	34,410.95	57,500.00	(23,089.05)
TOTAL CASH RECEIPTS	<u>\$ 708,477.69</u>	<u>\$ 705,700.00</u>	<u>\$ 2,777.69</u>
EXPENDITURES			
Personel	\$ 506,522.66	518,800.00	12,277.34
Contractual	132,918.37	231,900.00	98,981.63
		-	-
TOTAL EXPENDITURES	<u>\$ 639,441.03</u>	<u>\$ 750,700.00</u>	<u>\$ 111,258.97</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 69,036.66		
UNENCUMBERED CASH, BEGINNING	<u>104,920.37</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 173,957.03</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

LIBRARY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 75,824.48	\$ 79,100.00	\$ (3,275.52)
TOTAL CASH RECEIPTS	<u>\$ 75,824.48</u>	<u>\$ 79,100.00</u>	<u>\$ (3,275.52)</u>
EXPENDITURES			
Insurance	\$ 76,127.40	\$ 79,100.00	\$ 2,972.60
TOTAL EXPENDITURES	<u>\$ 76,127.40</u>	<u>\$ 79,100.00</u>	<u>\$ 2,972.60</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (302.92)		
UNENCUMBERED CASH, BEGINNING	<u>1,813.19</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,510.27</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS .  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
AIRPORT LAND SALE FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	\$ -
EXPENDITURES	
Contractual Services	
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>2,486.78</u>
UNENCUMBERED CASH, ENDING	<u>\$ 2,486.78</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

T-HANGER INSURANCE PROCEEDS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>                    </u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>36,592.25</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 36,592.25</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

SPECIAL PARK FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Memorials	\$ 300.00
	<u>-</u>
TOTAL CASH RECEIPTS	<u>\$ 300.00</u>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	-
	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 300.00
UNENCUMBERED CASH, BEGINNING	<u>6,373.50</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 6,673.50</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

LIBRARY FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 190,183.69	\$ 200,600.00	\$ (10,416.31)
			-
TOTAL CASH RECEIPTS	<u>\$ 190,183.69</u>	<u>\$ 200,600.00</u>	<u>\$ (10,416.31)</u>
EXPENDITURES			
Appropriation	\$ 190,099.80	\$ 200,600.00	\$ 10,500.20
		-	-
TOTAL EXPENDITURES	<u>\$ 190,099.80</u>	<u>\$ 200,600.00</u>	<u>\$ 10,500.20</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 83.89		
UNENCUMBERED CASH, BEGINNING	<u>4,411.81</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 4,495.70</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

SPECIAL PARK & RECREATION FUND

For the Year Ended December 31, 2011

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Liquor Taxes	\$ 33,869.46	\$ 24,000.00	\$ 9,869.46
Miscellaneous	-	6,300.00	(6,300.00)
TOTAL CASH RECEIPTS	<u>\$ 33,869.46</u>	<u>\$ 30,300.00</u>	<u>\$ 3,569.46</u>
EXPENDITURES			
Contractual	\$ 42,781.00	\$ 43,000.00	\$ 219.00
Reimbursed Expense	(18,781.00)	-	18,781.00
TOTAL EXPENDITURES	<u>\$ 24,000.00</u>	<u>\$ 43,000.00</u>	<u>\$ 19,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,869.46		
UNENCUMBERED CASH, BEGINNING	<u>3,809.47</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 13,678.93</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

SPECIAL ALCOHOL FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Liquor Taxes	\$ 26,824.30	\$ 24,000.00	\$ 2,824.30
TOTAL CASH RECEIPTS	<u>\$ 26,824.30</u>	<u>\$ 24,000.00</u>	<u>\$ 2,824.30</u>
EXPENDITURES			
Contractural	\$ 26,824.30	\$ 26,000.00	\$ (824.30)
TOTAL EXPENDITURES	<u>\$ 26,824.30</u>	<u>\$ 26,000.00</u>	<u>\$ (824.30)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

LIABILITY INSURANCE FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 59,956.48	\$ 63,100.00	\$ (3,143.52)
Reimbursement	9,617.26		9,617.26
TOTAL CASH RECEIPTS	<u>\$ 69,573.74</u>	<u>\$ 63,100.00</u>	<u>\$ 6,473.74</u>
EXPENDITURES			
Contractual	\$ 49,676.28	\$ 72,500.00	\$ 22,823.72
		-	-
TOTAL EXPENDITURES	<u>\$ 49,676.28</u>	<u>\$ 72,500.00</u>	<u>\$ 22,823.72</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 19,897.46		
UNENCUMBERED CASH, BEGINNING	<u>21,300.24</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 41,197.70</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

E-911 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
911 Fees	\$ 69,171.30
Interest	272.31
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 69,443.61</u>
EXPENDITURES	
Contractural	\$ 3,747.60
Capital Outlay	47,876.89
	<hr/>
TOTAL EXPENDITURES	<u>\$ 51,624.49</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 17,819.12
UNENCUMBERED CASH, BEGINNING	<u>88,555.55</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 106,374.67</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

QUALITY OF LIFE TAX CREDITS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Interest	<u>\$ 2,789.80</u>
TOTAL CASH RECEIPTS	<u>\$ 2,789.80</u>
EXPENDITURES	
Capital Outlay	<u>\$ 122,152.01</u>
TOTAL EXPENDITURES	<u>\$ 122,152.01</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (119,362.21)</u>
UNENCUMBERED CASH, BEGINNING	<u>732,851.72</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 613,489.51</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

QUALITY OF LIFE TAX PROJECTS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales Tax	\$ 1,387,311.13	\$ 1,275,000.00	\$ 112,311.13
Interest	3,903.14		3,903.14
			-
TOTAL CASH RECEIPTS	<u>\$ 1,391,214.27</u>	<u>\$ 1,275,000.00</u>	<u>\$ 116,214.27</u>
EXPENDITURES			
Capital Outlay	\$ 26,061.50	\$ 713,702.00	\$ 687,640.50
Transfers	1,308,848.02	1,267,383.00	(41,465.02)
			-
TOTAL EXPENDITURES	<u>\$ 1,334,909.52</u>	<u>\$ 1,981,085.00</u>	<u>\$ 646,175.48</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 56,304.75		
UNENCUMBERED CASH, BEGINNING	<u>960,623.58</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,016,928.33</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

CULTURAL ARTS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	<u>-</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Commodities	
Capital Outlay	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>6,009.07</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 6,009.07</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

2007 FLOOD BUYOUT FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 6,361.00
Insurance Proceeds	
Refunds	1,019.36
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 7,380.36</u>
EXPENDITURES	
Capital Outlay	\$ 13,460.50
	<hr/>
TOTAL EXPENDITURES	<u>\$ 13,460.50</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,080.14)
UNENCUMBERED CASH, BEGINNING	<u>88,672.02</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 82,591.88</u></u>



THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

UNDERCOVER NARCOTIC FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ 2,814.02
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 2,814.02</u>
EXPENDITURES	
Capital Outlay	\$ 10,964.29
	<hr/>
TOTAL EXPENDITURES	<u>\$ 10,964.29</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (8,150.27)
UNENCUMBERED CASH, BEGINNING	<u>14,306.99</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 6,156.72</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

BEST TENNIS TOWN FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	<u>\$ 27,802.10</u>
TOTAL CASH RECEIPTS	<u>\$ 27,802.10</u>
EXPENDITURES	
Capital Outlay	<u>\$ 8,256.10</u>
TOTAL EXPENDITURES	<u>\$ 8,256.10</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 19,546.00
UNENCUMBERED CASH, BEGINNING	<u>(19,546.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ -</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
DOWNTOWN INCUBATOR GRANT PROCEEDS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	<u>\$        48,584.46</u>
TOTAL CASH RECEIPTS	<u>\$        48,584.46</u>
EXPENDITURES	
Capital Outlay	<u>\$          2,864.80</u>
TOTAL EXPENDITURES	<u>\$          2,864.80</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$        45,719.66
UNENCUMBERED CASH, BEGINNING	<u>(45,719.66)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$                  -</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

PROJECTS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Settlement Proceeds	\$ -
	<hr/>
TOTAL CASH RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	50,841.33
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 50,841.33</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

AIR TRAFFIC CONTROL TOWER FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Cessna Reimbursement	\$ 321,479.00
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 321,479.00</u>
EXPENDITURES	
Capital Outlay	\$ 319,262.00
	<hr/>
TOTAL EXPENDITURES	<u>\$ 319,262.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,217.00
UNENCUMBERED CASH, BEGINNING	<u>(28,417.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (26,200.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

10TH & MAIN TO 10TH & LAUREL FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>3,250.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 3,250.00</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTE TIRE GRANT FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 4,850.50
Miscellaneous	<u>2,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 6,850.50</u>
EXPENDITURES	
Capital Outlay	<u>\$ 20,115.00</u>
TOTAL EXPENDITURES	<u>\$ 20,115.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (13,264.50)
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (13,264.50)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

BOND AND INTEREST FUND

For the Year Ended December 31, 2011

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 489,656.07	\$ 515,700.00	\$ (26,043.93)
Special Assessments	73,910.42	62,800.00	11,110.42
Transfers	1,409,655.68	1,343,100.00	66,555.68
Other		8,000.00	(8,000.00)
TOTAL CASH RECEIPTS	<u>\$ 1,973,222.17</u>	<u>\$ 1,921,600.00</u>	<u>\$ 51,622.17</u>
EXPENDITURES			
Bond Pincipal	\$ 1,700,000.00	\$ 1,895,000.00	\$ 195,000.00
Interest	230,409.74	154,100.00	(76,309.74)
Loan Proceeds	34,807.64		(34,807.64)
Miscellaneous	21.25		(21.25)
TOTAL EXPENDITURES	<u>\$ 1,965,238.63</u>	<u>\$ 2,049,100.00</u>	<u>\$ 83,861.37</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 7,983.54		
UNENCUMBERED CASH, BEGINNING	<u>43,301.24</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 51,284.78</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ADA DJ # 204-29-144 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ 1,057,500.00</u>
TOTAL EXPENDITURES	<u>\$ 1,057,500.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (1,057,500.00)
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u>\$ (1,057,500.00)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

KHRC # ESG-FFY2011 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 19,066.90
	<hr/>
TOTAL CASH RECEIPTS	\$ 19,066.90
	<hr/>
EXPENDITURES	
Sub Grant	\$ 19,066.90
	<hr/>
TOTAL EXPENDITURES	\$ 19,066.90
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

KLINK #U-2178-01 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Bond Proceeds	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
capital Outlay	<u>\$ 461,825.34</u>
TOTAL EXPENDITURES	<u>\$ 461,825.34</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (461,825.34)
UNENCUMBERED CASH, BEGINNING	<u>356,302.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ (105,523.34)</u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

USD #446 SCHOOL INFRACTURE FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Interest	\$ -
	<hr/>
TOTAL CASH RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ 5,453.75
Transfers	8,903.24
	<hr/>
TOTAL EXPENDITURES	\$ 14,356.99
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (14,356.99)
	<hr/>
UNENCUMBERED CASH, BEGINNING	67,872.44
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 53,515.45</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WEST MAIN - 10th to 18th FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 85,618.95
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 85,618.95</u>
EXPENDITURES	
Capital Outlay	\$ 110,000.00
Transfers	
	<hr/>
TOTAL EXPENDITURES	<u>\$ 110,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (24,381.05)
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ (24,381.05)</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

AIP #3-20-0036-17/19 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 56,028.00
Transfers	
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 56,028.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 1,228,661.22</u>
TOTAL EXPENDITURES	<u>\$ 1,228,661.22</u>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ (1,172,633.22)
UNENCUMBERED CASH, BEGINNING	<u>33,884.79</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (1,138,748.43)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

CDBG #09-RA-009 FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 217,222.00
Miscellaneous	75.00
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 217,297.00</u>
EXPENDITURES	
Capital Outlay	\$ 216,467.39
Transfers	136.38
	<hr/>
TOTAL EXPENDITURES	<u>\$ 216,603.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 693.23
UNENCUMBERED CASH, BEGINNING	<u>(693.23)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (0.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

NEW WATER TOWER FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Loan Proceeds	\$ 126,240.30
Federal ARRA	
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 126,240.30</u>
EXPENDITURES	
Capital Outlay	\$ -
Cancelled Purchase Order	-
	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 126,240.30
UNENCUMBERED CASH, BEGINNING	<u>(400,907.30)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (274,667.00)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

13TH STREET STORM SEWER FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Transfers	\$ 8,903.24
	<hr/>
TOTAL CASH RECEIPTS	\$ 8,903.24
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 8,903.24
	<hr/>
UNENCUMBERED CASH, BEGINNING	(8,903.24)
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
2010 MEMORIAL HALL IMPROVEMENT FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Transfers	\$ 41,500.00
Other	600.00
	<hr/>
TOTAL CASH RECEIPTS	\$ 42,100.00
	<hr/>
EXPENDITURES	
Capital Outlay	\$ 20,880.00
	<hr/>
TOTAL EXPENDITURES	\$ 20,880.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 21,220.00
UNENCUMBERED CASH, BEGINNING	<hr/> (21,220.00)
UNENCUMBERED CASH, ENDING	<hr/> \$ - <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
SOUTHEAST LIFT STATION FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	\$ 160,497.00
TOTAL EXPENDITURES	<u>\$ 160,497.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (160,497.00)
UNENCUMBERED CASH, BEGINNING	<u>(64,503.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (225,000.00)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

AIRPORT FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Fuel Sales	\$ 629,360.36	\$ 794,000.00	\$ (164,639.64)
Rentals	94,717.13	87,100.00	7,617.13
Miscellaneous	2,654.52		2,654.52
			-
TOTAL CASH RECEIPTS	<u>\$ 726,732.01</u>	<u>\$ 881,100.00</u>	<u>\$ (154,367.99)</u>
EXPENDITURES			
Personel	\$ 106,295.86	\$ 150,500.00	\$ 44,204.14
Contractural Services	87,041.21	95,300.00	8,258.79
Commodities	510,984.75	625,600.00	114,615.25
Capital Outlay	35,057.09	26,900.00	(8,157.09)
Transfers			-
			-
TOTAL EXPENDITURES	<u>\$ 739,378.91</u>	<u>\$ 898,300.00</u>	<u>\$ 158,921.09</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (12,646.90)</u>		
UNENCUMBERED CASH, BEGINNING	<u>233,742.06</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 221,095.16</u>		

THE CITY OF INDEPENDENCE, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

WATER & SEWER FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales & fees	\$ 3,144,359.96	\$ 3,186,500.00	\$ (42,140.04)
Miscellaneous	30,615.60	2,500.00	28,115.60
Transfers			-
			-
TOTAL CASH RECEIPTS	<u>\$ 3,174,975.56</u>	<u>\$ 3,189,000.00</u>	<u>\$ (14,024.44)</u>
EXPENDITURES			
Personnel	\$ 1,694,433.72	\$ 1,869,800.00	\$ 175,366.28
Commodities	1,003,252.60	482,300.00	(520,952.60)
Contractual Services	336,386.24	531,000.00	194,613.76
Capital Outlay	361,671.46	1,573,300.00	1,211,628.54
Transfers	71,400.00	279,400.00	208,000.00
			-
TOTAL EXPENDITURES	<u>\$ 3,467,144.02</u>	<u>\$ 4,735,800.00</u>	<u>\$ 1,268,655.98</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (292,168.46)</u>		
UNENCUMBERED CASH, BEGINNING	<u>3,415,174.94</u>		
UNENCUMBERED CASH, ENDING	<u><u>\$ 3,123,006.48</u></u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
WATER & SEWER GRINDER PUMP RESERVE FUND

For the Year Ended December 31, 2011

	<u>Actual</u>
CASH RECEIPTS	
Fees	\$ 8,434.25
Interest	937.49
	<hr/>
TOTAL CASH RECEIPTS	\$ 9,371.74
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,371.74
	<hr/>
UNENCUMBERED CASH, BEGINNING	149,709.79
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 159,081.53</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

SANITATION FUND

For the Year Ended December 31, 2011

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Fees	\$ 987,552.57	\$ 1,050,725.00	\$ (63,172.43)
Miscellaneous	8,578.20	-	8,578.20
TOTAL CASH RECEIPTS	<u>\$ 996,130.77</u>	<u>\$ 1,050,725.00</u>	<u>\$ (54,594.23)</u>
EXPENDITURES			
Personel	\$ 472,809.90	\$ 480,590.00	\$ 7,780.10
Dcontractural Services	390,183.36	419,110.00	28,926.64
Commodities	82,808.44	69,800.00	(13,008.44)
Capital Outlay	57,230.11	57,500.00	269.89
			-
TOTAL EXPENDITURES	<u>\$ 1,003,031.81</u>	<u>\$ 1,027,000.00</u>	<u>\$ 23,968.19</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,901.04)		
UNENCUMBERED CASH, BEGINNING	<u>77,916.63</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 71,015.59</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
AGENCY FUNDS  
SUMMARY OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended December 31, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds Fund	\$ 15,120.00	\$ 51,075.00	\$ 31,600.00	\$ 34,595.00
Alcohol Assessment Fund	\$ 3,060.00	\$ -	\$ -	\$ 3,060.00
 TOTAL AGENCY FUNDS	 \$ 18,180.00	 \$ 51,075.00	 \$ 31,600.00	 \$ 37,655.00



## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

COMPONENT UNITS

For the Year Ended December 31, 2011

	<u>PUBLIC LIBRARY - GENERAL FUND</u>		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Appropriation from the City	\$ 190,099.80	\$ 200,617.00	\$ (10,517.20)
Appropriation from USD 446	193,036.56	200,042.00	(7,005.44)
Donations	3,146.11	3,000.00	146.11
State & Regional Libraries	6,478.00	11,500.00	(5,022.00)
Other Grants	7,242.39		7,242.39
Interest Expense	971.64	1,500.00	(528.36)
Miscellaneous	10,320.34	11,000.00	(679.66)
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 411,294.84</b>	<b>\$ 427,659.00</b>	<b>\$ (16,364.16)</b>
<b>EXPENDITURES</b>			
Personnel	\$ 267,891.02	\$ 279,151.00	\$ 11,259.98
Materials Expense	53,158.92	52,200.00	(958.92)
Operating Expense	78,394.05	91,309.00	12,914.95
Capital Outlay	9,912.61	10,000.00	87.39
Miscellaneous			-
<b>TOTAL EXPENDITURES</b>	<b>\$ 409,356.60</b>	<b>\$ 432,660.00</b>	<b>\$ 23,303.40</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>\$ 1,938.24</b>		
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>83,528.39</b>		
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 85,466.63</b>		

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

COMPONENT UNITS

For the Year Ended December 31, 2010

<u>PUBLIC LIBRARY - EMPLOYEE BENEFIT FUND</u>			
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Appropriation from the City	\$ 76,127.40	\$ 79,098.00	\$ (2,970.60)
Other			-
TOTAL CASH RECEIPTS	<u>\$ 76,127.40</u>	<u>\$ 79,098.00</u>	<u>\$ (2,970.60)</u>
EXPENDITURES			
Health Insurance	\$ 40,146.83	\$ 39,197.00	\$ (949.83)
KPERS	16,020.34	17,389.00	1,368.66
Payroll taxes	20,056.49	20,506.00	449.51
Insurance	2,563.78	2,005.00	(558.78)
		-	-
TOTAL EXPENDITURES	<u>\$ 78,787.44</u>	<u>\$ 79,097.00</u>	<u>\$ 309.56</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,660.04)		
UNENCUMBERED CASH, BEGINNING	<u>9,331.76</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 6,671.72</u>		

THE CITY OF INDEPENDENCE, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

COMPONENT UNITS

For the Year Ended December 31, 2011

INDEPENDENCE HOUSING AUTHORITY

	Housing/ Development Fund	Housing/ Replacement Fund	McKinley Deposit Fund	McKinley Operating Fund	Surplus Fund	Penn Terrace Fund	Chaney Fund	Earl St. Fund	Cedar Point Fund
UNENCUMBERED CASH, BEGINNING	\$ 530,494.54	\$ 45,410.93	\$ 9,459.64	\$ 13,212.58	\$ 4,024,226.20	\$ 270,481.05	\$ 10,220.36	\$ 5,689.68	\$ 39,224.25
REVENUES:									
Rent	\$ -	\$ -	\$ -	\$ 120,468.88	\$ -	\$ 348,221.50	\$ 18,205.00	\$ 6,470.00	\$ 49,130.00
Cable						16,562.50			
Home Sales									
Federal						328,798.00			
Grants									
Interest	1,453.72	28.98	33.34	79.05	9,443.87	1,058.54	18.14	2.26	117.93
Miscellaneous	1,462.00	1,308.00		2,592.04		23,688.30			
Security Deposits			5,823.00						
HAP				12,356.00			4,215.00	1,457.00	6,769.00
Transfers	255,567.27	133,533.00							
TOTAL REVENUE	\$ 258,482.99	\$ 134,869.98	\$ 5,856.34	\$ 135,495.97	\$ 9,443.87	\$ 718,328.84	\$ 22,438.14	\$ 7,929.26	\$ 56,016.93
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,647.05	\$ -	\$ -	\$ -
Contractual Services				123,331.67		33,260.93	24,190.71	6,735.34	65,618.41
Commodities	18,954.54			34,279.69	133.75	232,540.07	8,467.79	3,822.92	20,441.17
Capital Outlay	239,541.33	46,747.91	4,740.45		60,562.77			3,060.68	10,160.00
Transfers	285.00					389,100.27			
TOTAL EXPENDITURES	\$ 258,780.87	\$ 46,747.91	\$ 4,740.45	\$ 157,611.36	\$ 60,696.52	\$ 904,548.32	\$ 32,658.50	\$ 13,618.94	\$ 96,219.58
UNENCUMBERED CASH, ENDING	\$ 530,196.66	\$ 133,533.00	\$ 10,575.53	\$ (8,902.81)	\$ 3,972,973.55	\$ 84,261.57	\$ -	\$ -	\$ (978.40)

	South Eight St. Fund	TBRA Fund	Deposit Fund	Management Fund	Earl St. Replacement Fund	Chaney Replacement Fund	Cedar Point Replacement Fund	Laundry Fund	TOTAL
UNENCUMBERED CASH, BEGINNING	\$ 25,763.31	\$ 28,007.62	\$ 108,411.22	\$ 168,214.68	\$ 7,673.46	\$ 36,300.44	\$ 8,134.78	\$ 36,355.34	\$ 5,367,280.08
REVENUES:									
Rent	\$ 5,393.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547,888.38
Cable									16,562.50
Home Sales									-
Federal		175,638.00		99,481.00					603,917.00
Grants									-
Interest	79.02	47.69	327.11	567.04	30.52	106.24	36.03	380.94	13,810.42
Miscellaneous	363.03			2,297.96	3,435.27		20,000.00	-	55,146.60
Security Deposits			13,092.01						18,915.01
HAP	1,647.00								26,444.00
Transfers									389,100.27
TOTAL REVENUE	\$ 7,482.05	\$ 175,685.69	\$ 13,419.12	\$ 102,346.00	\$ 3,465.79	\$ 106.24	\$ 20,036.03	\$ 380.94	\$ 1,671,784.18
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,647.05
Contractual Services	3,680.42								256,817.48
Commodities	2,552.26								321,192.19
Capital Outlay		186,869.00	5,865.91	718.67					558,266.72
Transfers									389,385.27
TOTAL EXPENDITURES	\$ 6,232.68	\$ 186,869.00	\$ 5,865.91	\$ 718.67	\$ -	\$ -	\$ -	\$ -	\$ 1,775,308.71
UNENCUMBERED CASH, ENDING	\$ 27,012.68	\$ 16,824.31	\$ 115,964.43	\$ 269,842.01	\$ 11,139.25	\$ 36,406.68	\$ 28,170.81	\$ 36,736.28	\$ 5,263,755.55

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1A. FINANCIAL REPORTING ENTITY**

The City of Independence is a municipal corporation under the laws of the State of Kansas and is governed by an elected three-member Commission. The financial statements of the reporting entity include those of the City of Independence (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING**

The *Statutory Basis of Accounting*, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

The following types of funds comprise the financial activities of The City of Independence, Kansas, for the year 2011:

**GOVERNMENTAL FUNDS**

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of The City of Independence, Kansas.

Capital Project Funds—are used to account for the proceeds of capital projects funds to be used to build major projects.

**PROPRIETARY FUNDS**

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**FIDUCIARY TYPE FUNDS**

Trust and Agency Funds—to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

**1C. DEPARTURE FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

The basis of accounting described in Note 1B above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash

## THE CITY OF INDEPENDENCE, KANSAS

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

#### 1D. REIMBURSEMENTS

The City of Independence, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

#### 1E. DISCRETELY PRESENTED COMPONENT UNITS

The Component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City.

The *Independence Housing Authority* (IHA) is governed by a City-appointed board. The City appoints the Board, provides some administrative services to the Board and owns the buildings which the Housing Authority operates. The Housing Authority also manages and operates a duplex project jointly owned by the City and SEK Housing of Sedan, Kansas.

The *Independence Library District*, which operates the City's public library, is governed by an appointed board. Four of the seven board members are appointed by the City. The Library is also fiscally dependent on the City for the majority of its revenue, but does receive tax revenues from other sources within the district.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**1F. JOINTLY-GOVERNED ORGANIZATIONS**

The City of Independence appoints two members to the board of the Independence Recreation Commission and Montgomery County Economic Development Authority, but does not control the boards or have financial responsibility for the organizations.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2A. BUDGETARY INFORMATION**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budgets for the following funds were amended for the 2011 year: Sanitation Fund, Education Sales Tax Fund, Special Park and Recreation Fund, Special Alcohol Fund, Quality of Life-Sales Tax Fund and Memorial Hall Improvement Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)**

**2A. BUDGETARY INFORMATION(cont'd.)**

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrance, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds, and the following special revenue and proprietary funds: DARE Program, Crime Prevention Program, Incubator Building, Grant #SB 417, Smoke Detector Grant, Airport Land Sale, T-Hangar Insurance Proceeds, Special Park, E-911, Quality of Life Tax Credits, Cultural Arts, 2007 Flood Buyout, Undercover Narcotic, Best Tennis Town, Downtown Incubator Grant Proceeds, Projects, Air Traffic Control Tower, 10<sup>th</sup> & Main to 10<sup>th</sup> & Laurel, Waste Tire Grant Funds, and Water and Sewer Grinder Pump Reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by internal spending limits established by the governing body.

**2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS**

Deposits held at the First National Bank, Independence, Kansas were not adequately secured on December 31, 2011. This is a violation of K.S.A. 9-1402.

Payments to the State Treasurer's office for the October 1, 2011 principal and interest was not paid twenty (20) days prior to maturity. This is a violation of K.S.A. 10-130.

The Sanitation Fund budget was amended to reflect additional expenditures; however, there was not an increase in revenue. This is a violation of K.S.A. 2929a.



**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)**

**2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS (cont'd.)**

Expenditures exceeded the budget in the Special Alcohol Fund by \$824.30. This is a violation of K.S.A. 79-2935.

Management is not aware of any other violations of compliance with Kansas Statutes or violations of other finance related legal matters.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At December 31, 2011, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The deposits held at First National Bank, Independence, Kansas were not adequately secured at December 31, 2011, see Note 2B.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS (cont'd.)**

At December 31, 2011, the carrying amount of the City's deposits, including certificates of deposit, was \$12,526,350.24, which included \$5,303,817.27 belonging to the Independence Housing Authority component unit and \$37,655.00 in agency funds. The bank balance was \$12,534,250.02. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks, resulting in a concentration of credit risk. Of the bank balance \$750,000.00 was covered by FDIC insurance, and \$11,784,250.02 was collateralized by pledged securities held by the pledging financial institution's agents in the City's name.

At year-end the carrying amount of the Independence Public Library Board's deposits, including certificates of deposit was \$103,612.60. The bank balance was \$124,260.45. All of the bank balance was covered by FDIC insurance.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 4 – LONG-TERM DEBT**

SEE SCHEDULE ON PAGES 64 - 65.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

*Plan description.* The City contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

**THE CITY OF INDEPENDENCE, KANSAS**  
**STATEMENT OF CHANGES IN LONG TERM DEBT**

For the Year Ended December 31, 2011

<u>Issue</u>	<u>Interest Rates %</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
<b>GENERAL OBLIGATION BONDS</b>										
Series A 1997	4.44-7.25	9/1/97	\$ 370,000.00	2017	\$ 95,000.00	\$ -	\$ 15,000.00	\$ (15,000.00)	\$ 80,000.00	\$ 5,037.50
Series A 1998	4.20-7.00	10/1/98	785,000.00	2012	135,000.00		65,000.00	(65,000.00)	70,000.00	6,347.50
Series A 2003	2.00-3.40	6/1/03	9,600,000.00	2012	2,270,000.00		1,115,000.00	(1,115,000.00)	1,155,000.00	76,065.00
Series C 2003	1.30-3.25	7/1/03	1,290,000.00	2011	175,000.00		175,000.00	(175,000.00)	-	5,687.50
Series D 2003	2.00-3.20	4/1/03	435,000.00	2013	200,000.00		65,000.00	(65,000.00)	135,000.00	6,205.00
Series A 2006	4.50	10/15/06	165,000.00	2016	110,000.00		15,000.00	(15,000.00)	95,000.00	4,455.00
Series A 2007	3.95-5.00	4/1/07	620,000.00	2027	515,000.00		40,000.00	(40,000.00)	475,000.00	21,012.50
Series C 2007	3.40-3.70	10/1/07	465,000.00	2017	345,000.00		45,000.00	(45,000.00)	300,000.00	12,395.00
Series A 2008	3.00-3.60	10/1/08	190,000.00	2017	140,000.00		20,000.00	(20,000.00)	120,000.00	4,800.00
Series A 2009	3.00-4.00	10/1/09	170,000.00	2019	160,000.00		15,000.00	(15,000.00)	145,000.00	5,800.00
Series A 2010	3.25-4.125	12/22/10	3,240,000.00	2026	3,240,000.00		55,000.00	(55,000.00)	3,185,000.00	81,321.72
Series B 2010	.75-1.00	12/22/10	155,000.00	2012	155,000.00		75,000.00	(75,000.00)	80,000.00	1,283.02
			<u>\$ 7,540,000.00</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,000.00</u>	<u>\$ (1,700,000.00)</u>	<u>\$ 5,840,000.00</u>	<u>\$ 230,409.74</u>
<b>CAPITAL LEASES</b>										
Ford F-800 Truck	4.66	4/15/06	45,450.00	2011	9,942.42		9,942.42	(9,942.42)	-	504.17
Trash Truck	4.53	7/15/06	101,754.00	2012	34,508.93		18,074.06	(18,074.06)	16,434.87	1,677.01
Ford F-350 Truck	4.99	8/15/06	28,565.00	2011	5,691.80		5,691.80	(5,691.80)	-	952.70
2011 Freightliner	3.80	8/25/10	139,341.00	2015	139,341.00		26,136.42	(26,136.42)	113,204.58	4,698.12
			<u>\$ 189,484.15</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,844.70</u>	<u>\$ (59,844.70)</u>	<u>\$ 129,639.45</u>	<u>\$ 7,832.00</u>
<b>OTHER DEBT</b>										
Kansas Dept. of Health and Environment (KDHE)										
Loan C-20-0959-05	4.00	6/26/92	507,265.00	2016	155,748.26	\$ -	\$ 23,735.23	\$ (23,735.23)	\$ 132,013.03	\$ 5,305.29
Loan C-20-1241-01	3.54	8/31/95	418,306.00	2013	97,486.29		31,217.26	(31,217.26)	66,269.03	3,590.38
Loan 2630	3.77	7/2/09	2,500,000.00	2026	1,373,341.26	126,240.30	99,941.51	26,298.79	1,399,640.05	43,348.51
			<u>\$ 1,626,575.81</u>		<u>\$ 126,240.30</u>	<u>\$ -</u>	<u>\$ 154,894.00</u>	<u>\$ (28,653.70)</u>	<u>\$ 1,597,922.11</u>	<u>\$ 52,244.18</u>
<b>TOTAL LONG TERM DEBT</b>			<u>\$ 9,356,059.96</u>		<u>\$ 126,240.30</u>	<u>\$ 1,914,738.70</u>	<u>\$ (1,788,498.40)</u>	<u>\$ 7,567,561.56</u>	<u>\$ 290,485.92</u>	

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

NOTE 4 - LONG-TERM DEBIT (cont'd)

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	2017-2021	2022-2026	2027-2031	TOTAL
<b>PRINCIPAL</b>									
General Obligation Bonds	\$ 1,630,000.00	\$ 395,000.00	\$ 350,000.00	\$ 370,000.00	\$ 380,000.00	\$ 1,470,000.00	\$ 1,235,000.00	\$ 10,000.00	\$ 5,840,000.00
Capital Leases	43,115.03	27,738.98	28,826.59	29,956.85					129,637.45
Other Debt	128,199.15	133,096.40	103,025.31	106,884.20	110,887.77	432,614.93	563,214.35		1,567,922.11
<b>TOTAL PRINCIPAL</b>	<b>\$ 1,801,314.18</b>	<b>\$ 555,835.38</b>	<b>\$ 481,851.90</b>	<b>\$ 506,841.05</b>	<b>\$ 490,887.77</b>	<b>\$ 1,902,614.93</b>	<b>\$ 1,788,214.35</b>	<b>\$ 10,000.00</b>	<b>\$ 7,537,559.56</b>
<b>INTEREST</b>									
General Obligation Bonds	\$ 201,050.00	\$ 148,900.00	\$ 136,530.00	\$ 127,260.00	\$ 115,240.00	\$ 408,520.00	\$ 157,900.00	\$ 500.00	\$ 1,295,900.00
Capital Leases	5,009.48	3,095.56	2,007.95	877.69					10,990.68
Other Debt	71,780.14	67,278.25	62,930.38	59,408.82	55,755.27	230,269.57	144,103.47	-	691,525.90
<b>TOTAL INTEREST</b>	<b>\$ 277,839.62</b>	<b>\$ 219,273.81</b>	<b>\$ 201,468.33</b>	<b>\$ 187,546.51</b>	<b>\$ 170,995.27</b>	<b>\$ 638,789.57</b>	<b>\$ 302,003.47</b>	<b>\$ 500.00</b>	<b>\$ 1,988,416.58</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 2,079,153.80</b>	<b>\$ 775,109.19</b>	<b>\$ 683,320.23</b>	<b>\$ 694,387.56</b>	<b>\$ 661,883.04</b>	<b>\$ 2,541,404.50</b>	<b>\$ 2,090,217.82</b>	<b>\$ 10,500.00</b>	<b>\$ 9,535,976.14</b>

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (cont'd.)**

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2011 was 6.74%. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$346,324.40, \$311,394.38, and \$275,687.00, respectively, equal to the required contributions for each year.

**NOTE 6 – CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>City's Estimated Share</u>	<u>Expenditures To Date</u>	<u>Project Status</u>
CDBG-Housing Rehabilitation	400,000.00	0.00	398,205.00	Complete
2007 Flood Buyout	3,635,962.00	0.00	1,406,021.00	Complete
KLINK #U-2178-01	533,000.00	133,000.00	504,189.00	Ongoing
School Infrastructure	2,500,000.00	2,500,000.00	2,797,291.00	Complete
FAA Project 3-20-0036-17/19	1,349,960.00	67,498.00	1,340,860.00	Ongoing
New Water Tower	2,500,000.00	2,000,000.00	1,622,494.00	Complete
Memorial Hall Improvement	500,000.00	500,000.00	42,100.00	Ongoing
Southeast Lift Station	4,000,000.00	4,000,000.00	225,000.00	Ongoing
ADA Project-Design Phase	1,113,800.00	1,113,800.00	1,057,500.00	Ongoing

**NOTE 7 - COMPENSATED ABSENCES**

City employees with one year or more of service are eligible for vacation benefits varying from ten (10) days to twenty (20) days. Unused vacation earned during the current year can be carried over beyond the end of the succeeding year after it was earned. A maximum of 20 days may be carried over, but no new vacation time would be earned until a portion of the previous time was used. Any unused vacation time will be purchased from the employee upon termination.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2011**

**NOTE 7 - COMPENSATED ABSENCES (cont'd.)**

City employees accumulate sick leave at the rate of one (1) day per month of service, up to one hundred-eighty (180) days. Sick leave may be accumulated and carried over to the next year, but is lost if the employee leaves the City's service.

The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2011. The cost of vacation and sick pay are recognized as expenditures when paid.

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

**NOTE 9 - INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Water & Sewer Fund	Bond & Interest Fund	K.S.A. 12-825d	71,400.00
Quality Life Sales Tax	Bond & Interest	K.S.A. 12-197	1,267,348.02
CDBG 09RA009	General	K.S.A. 12-825d	136.38
Education Sales Tax	Bond and Interest	K.S.A. 12-197	79,907.66
Quality Life Sales Tax	2010 Memorial Hall Improv.	K.S.A. 12-197	41,500.00
13 <sup>th</sup> Str. Storm Sewer	School Infrastructure	K.S.A. 12-825d	8,903.24

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

1,469,194

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

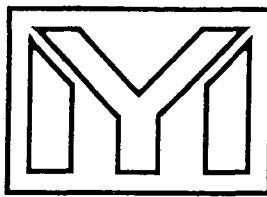
**December 31, 2011**

**NOTE 11 – USE OF ESTIMATES**

The preparation of statutory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

**NOTE 12 – SUBSEQUENT EVENT**

In February 2012 a bond issue was authorized and issued. "General Obligation Refunding and Improvements Bonds Series 2012-A" was issued, dated 2-1-12. This issue amounts to \$4,065,000.00. The proceeds will be used to pay off 4 outstanding bond issues, 1) 1997 Series A (\$80,000), 2) 2006 Series A (\$95,000), 3) 2007 Series C (\$300,000) and 4) 2008 Series A (\$120,000) plus the interest due for each series. The remaining bond proceeds will be used for City improvements, primarily those improvements to comply with the provisions of the Americans with Disabilities Act of 1990.



# YERKES & MICHELS, CPA, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

John D. Carroll, CPA  
Carmen R. Duroni, CPA

Randy Hoffman

American Institute of Certified Public Accountants  
Kansas Society of Certified Public Accountants  
An Independent C.P.A. Firm

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Commission  
City of Independence, Kansas  
120 N. 6<sup>th</sup> Street  
Independence, KS 67301

We have audited the statutory basis financial statements of City of Independence, Kansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

#### Internal Control Over Financial Reporting

Management of the City of Independence, KS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the



schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (Finding 2011-01 and 02). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

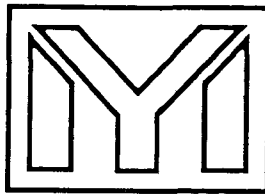
As part of obtaining reasonable assurance about whether the City's statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated June 29, 2012.

This report is intended solely for the information and use of the City Commission of the City of Independence, Kansas, management, federal awarding agencies and pass through entities and for filing with the State of Kansas, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
YERKES & MICHELS, CPA, LLC

June 29, 2012



# YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

John D. Carroll, CPA  
Carmen R. Duroni, CPA

Randy Hoffman

American Institute of Certified Public Accountants  
Kansas Society of Certified Public Accountants  
An Independent C.P.A. Firm

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission  
City of Independence, Kansas  
120 N. 6<sup>th</sup> Street  
Independence, KS 67301

#### Compliance

We have audited the City of Independence, Kansas's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Kansas Municipal Audit Guide*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Independence, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

## Internal Control Over Compliance

Management of the City of Independence, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-1. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City of Independence, KS's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City Commission of the City of Independence, Kansas, management, and federal awarding agencies and pass-through entities and for filing with the State of Kansas, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
YERKES & MICHELS, CPA, LLC

June 29, 2012

CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2011

<u>Agency:</u>	<u>CFDA #</u>	<u>Expenditures (Statutory Basis)</u>
<b>U.S. Department of Housing &amp; Urban Development (HUD)</b>		
Passed through Kansas Housing Resource Corporation:		
Section 8 Housing Assistance Payments	14.195	\$ 328,798
Home Investments Partnerships - TBRA	14.239	186,869
Emergency Shelter Grants Program	14.231	19,067
Passed through the Kansas Department of Commerce & Housing		
State Administered CDBG Cluster		
ARRA - Community Development Block Grants	14.255	216,467
Total CDBG Cluster		216,467
TOTAL U.S. DEPARTMENT OF HUD		\$ 751,201
<b>U.S. Department of Transportation, Federal Aviation Administration</b>		
Direct Award		
Airport Improvement Fund - AIP #3-20-0036-18	20.106	\$ 37,917
Airport Improvement Fund - AIP #3-20-0036-19 (Notes to the SEFA - 2)	20.106	18,111
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		\$ 56,028
<b>U.S. Department of the Interior, Office of National Park Service</b>		
Passed through Kansas Historical Society		
Historic Preservation Fund Grant	15.904	\$ 6,208
TOTAL U.S. DEPARTMENT OF THE INTERIOR		\$ 6,208
<b>Environmental Protection Agency</b>		
Passed through Kansas Department of Health & Environment		
Drinking Water State Revolving Fund - Cryptosporidium Analytical Costs	66.468	\$ 8,100
TOTAL U.S. DEPARTMENT OF HEALTH & ENVIRONMENT		\$ 8,100
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 821,537</b>

THE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT.

CITY OF INDEPENDENCE, KS

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas with one exception as noted in Note 2 below. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

**Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

The expenditures for the Airport Improvement Grant AIP 3-20-0036-19 from the United States Department of Transportation Federal Aviation Administration differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. Prior grants 3-20-0036-17 and 3-20-0036-18 were for the purpose of design and administration for capital improvements for the Independence Municipal Airport. Grant 3-20-0036-19 is for the construction phase of the project. The grant agreement and construction contract were approved and signed during 2011; therefore, the City has properly recorded an encumbrance for the aforementioned contract. However, the only actual activity occurring during 2011 for this phase of the project was an immaterial amount of engineering and inspection costs. These expenditures are reflected in the SEFA. Review of documentation for grant activity to date indicates an immaterial portion of the actual construction work has been completed. Accordingly, management has determined that the remaining expenditures for this grant will be presented, in a subsequent, applicable, SEFA.

Reconciliation to AIP 3-20-0036-17/19 Fund in Statement 1:

Statement 1

Total Expenditures	\$1,228,661.22
Comprised of:	
AIP 3-20-0036-18	37,917.00
AIP 3-20-0036-19	<u>1,190,744.22</u>
Total Statement 1	<u>\$1,228,661.22</u>

Schedule of Expenditures of Federal Awards (SEFA)

Total Airport Improvement Grant Expenditures	\$ 56,208.00
Comprised of:	
AIP 3-20-0036-18	37,917.00
AIP 3-20-0036-19	<u>18,111.00</u>
Total (SEFA)	\$ 56,208.00
Expenditures to be audited in Future Period(s)	<u>1,172,453.22</u>
Total Statement 1	<u>\$1,228,661.22</u>

# CITY OF INDEPENDENCE, KS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

### **Section I - Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the statutory basis financial statements of the City of Independence, KS.
2. Significant deficiencies, but no material weaknesses relating to the audit of the statutory basis financial statements are reported in the Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the statutory basis financial statements of the City of Independence, KS were disclosed during the audit.
4. A significant deficiency, but no material weaknesses, relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include: Section 8 Project-Based Cluster (CFDA #14.195), and State-Administered CDBG Cluster (CFDA #14.255).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Independence, KS does not qualify as a low-risk auditee.

### **Section II – Financial Statement Findings**

#### INTERNAL CONTROL

##### Finding 2011-01:

Statement of Condition: The City of Independence, KS currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards. See Section III – Federal Awards Findings and Questioned Costs for complete report for Finding 2011-01.

##### Finding 2011-02:

Statement of Condition: At the Independence Public Library, it was noted that a proper segregation of duties, with regards to cash, has not been established. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

CITY OF INDEPENDENCE, KS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2011

Finding 2011-02 Continued:

Status: Due to the limited size of Library staff and the current procedures for cash, there is a lack of segregation of duties. At this time, it may be cost prohibitive to increase staff in the Library.

Recommendation: We recommend that the library board and administration continually review their procedures for opportunities to increase the segregation of duties especially with regards to cash management, cash receipts and cash disbursements.

View of responsible officials and corrective action plan: Management concurs with the finding; however, they feel it would be cost prohibitive to increase staff size at time. See Corrective Action Plan page 80.

**Section III – Federal Award Findings and Questioned Costs**

Finding 2011-01:

Statement of Condition: The City of Independence, KS currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards.

Criteria: OMB Circular A-133 requires recipients of federal awards to maintain internal control over compliance for federal award programs that provides reasonable assurance that they are managing federal awards in compliance with the provisions of laws, regulations, contracts and grants that could have a material effect on each of its federal award programs. As the Schedule of Expenditures of Federal Awards provides the basis for auditor's determination of major programs, auditees should have a system of controls in place to ensure accuracy and completeness of the schedule. Circular A-133 state that the auditee should identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. Federal program and award identification includes, as applicable, the CFDA title and number, the award number and year, the name of the federal granting agency, and the name of the pass-through entity. Using this information, the auditee should be able to reconcile amounts presented in the financial statements to related amounts in the Schedule of Expenditures of Federal Awards.

Questioned Costs: None

Context: The Schedule of Expenditures of Federal Awards prepared by the City was not prepared prior to the start of auditor's field work. Observation and inquiry demonstrated the City's inadequacy in recognizing and reporting all Federal award expenditures as documented through auditor's reconciliation of Federal revenue

CITY OF INDEPENDENCE, KS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2011

Finding 2011-01 (cont'd):

recorded to Federal revenue confirmed. Auditee's Schedule of Expenditures of Federal Awards also lacked proper representation of CFDA title and numbers and pass-through entities. There was no documented reconciliation of the amounts reported in the schedule to the financial statements or of review by management.

Effect of Condition: The Schedule of Expenditures of Federal Awards serves as the primary basis for the auditor's major program determination. Misstatements in the schedule could result in the omission of potential major programs from required compliance audit procedures. Failure to audit a program as major, when required, is cause for the future reissuance of the compliance audit report.

Cause of Condition: The City has not designed an adequate system of control regarding the preparation of the required Schedule of Expenditures of Federal Awards.

Recommendations: Controls should be in place to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management should be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the City should verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule should be performed, and management should review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the statutory basis of accounting. The reconciliation and management's review should be documented.

View of responsible officials and planned corrective actions: Management concurs with the finding. The City will incorporate the use of the Government Audit Quality Center's "Schedule of Expenditures of Federal Awards: Illustrative Auditee Practice Aids" to assist employees and management in the accurate and complete preparation of the schedule. See Corrective Action Plan page 79.



CITY OF INDEPENDENCE, KS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2011

Finding 2010-01:

Condition: Lack of segregation of duties at component unit level, Public Library.

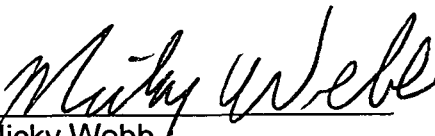
Status: A portion of the recommendation for finding resolution has been instituted; however, the lack of segregation of duties remains unmitigated. See Finding 2011-02.

City of Independence, Kansas  
City Hall – 120 North 6<sup>th</sup> Street  
Independence, KS 67301  
620-332-2506

CORRECTIVE ACTION PLAN

Re: Finding 2011-01

Controls will be instituted to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management will take care to be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, management will verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule will be performed, and management will review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the statutory basis of accounting. The reconciliation and management's review will be documented. The City will incorporate the use of the Government Audit Quality Center's "Schedule of Expenditures of Federal Awards: Illustrative Auditee Practice Aids" to assist employees and management in the accurate and complete preparation of the schedule."

  
Micky Webb  
City Manager

7-9-2012  
Date





### CORRECTIVE ACTION PLAN

Re: Finding 2011-02

The Library Board and administration will make an effort to continually review their procedures for opportunities to increase the segregation of duties especially with regards to cash management, cash receipts and cash disbursements. At this time, the Board feels it would be cost prohibitive to increase staff size.

Julie Hilderbrand  
Julie Hilderbrand  
Director

7/2/12  
Date